

SECRETARY OF LABOR
WASHINGTON, D.C. 20210

MAR 26 2020

The Honorable Rob J. Portman
United States Senate
Washington, DC 20515

Dear Senator Portman:

I am writing in response to your request regarding certain provisions related to unemployment insurance in the CARES Act, H.R. 748. Specifically, you have asked about steps available to the Department of Labor to guard against the possibility that Section 2104 of the Act might cause some workers to leave their jobs voluntarily, or remain off work longer than appropriate, in order to receive the benefits made available under that Section.

As you know, Section 2104 provides for a federally-funded \$600 increase in weekly benefits for individuals receiving regular unemployment compensation, pandemic unemployment assistance under Section 2102, or pandemic emergency unemployment compensation under Section 2107. The benefit is an important, short-term measure adopted in these extraordinary circumstances to alleviate the economic impact of the virus on working Americans.

Section 2104 operates against the background of the fundamental eligibility requirements of the Federal-State UI program, which remain in place. These requirements include that individuals are only entitled to benefits if they are no longer working through no fault of their own, and that individuals must be able and available to work. While the Act does provide workers some flexibilities, quitting work without good cause to obtain this benefit would be fraud. Section 2104(f) of the Act expressly provides that if an individual has obtained the benefit through fraud, the individual is ineligible for any additional benefit payments, must pay back the benefits, and is subject to prosecution under 18 USC § 1001.

States play a fundamental role in ensuring the integrity of the UI program and enforcing key requirements that ensure individuals are able and available to work. While States have been provided some flexibilities as a result of COVID-19, those flexibilities are generally limited to dealing with the effects of COVID-19, and States must ensure that individuals only receive benefits in accordance with these statutory provisions. We anticipate that the U.S. economy will make a brisk recovery once the threat of COVID-19 ends, and States have an obligation to help UI recipients return to work as quickly as possible.

The Department of Labor will take all available steps to ensure that States receiving funding under the Act provide unemployment insurance benefits only to those who are entitled to such benefits. This includes monitoring and oversight to ensure compliance with Federal law. States

that do not take appropriate action may be found out of compliance with Federal law in accordance with 20 CFR § 604.6. For this and other reasons, we expect States to comply with these requirements in order to continue receiving administrative funding under this Act. I note as well, of course, that workers have many reasons of their own to want to be in an ongoing employment relationship with an employer, rather than receiving unemployment.

As you know, the CARES Act also includes \$26 million for the Department's Office of the Inspector General, "to carry out audits, investigations, and other oversight activities authorized under the Inspector General Act" related to the unemployment provisions in the bill. This is a nearly 30 percent increase in the Inspector General's overall budget, intended to help ensure the proper operation of this new program. I intend to request that the Inspector General and his team coordinate with us to ensure the prudent and faithful execution of this legislation.

I look forward to working with you and the Congress as we implement this important legislation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Eugene Scalia', is written over the printed name.

cc: The Honorable Charles E. Grassley, Chairman, Finance Committee
The Honorable Ronald E. Wyden, Ranking Member, Finance Committee
The Honorable Lamar Alexander, Chairman, Health, Education, Labor and Pensions
The Honorable Patty Murray, Ranking Member, Health, Education, Labor and Pensions
The Honorable Lindsey Graham
The Honorable Tim Scott
The Honorable Ben Sasse
The Honorable Rick Scott